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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

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MEMORANDUM FOR: Director of Central Intelligence

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VIA : Robert R. Bowie
Director, National Foreign Assessment Center

Richard Lehman
National Intelligence Officer for Warning

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FROM : Joe L. Zaring
National Intelligence Officer for Western Europe

SUBJECT : Monthly Warning Assessment: Western Europe

ITALY

1. The decision expected early next month to go to the electorate -- probably in June -- would take Italy a giant step toward a showdown on the burning issue of what role the Communists should have in governing the country. That question will overshadow all others in what is certain to be a hard-fought campaign. We can only speculate what the outcome will be although most observers do not expect relative party standings to change all that much. And once the election is over the Christian Democrats will have fewer ways to avoid facing up to the Communist issue. Despite the Italian talent for avoiding what seems inevitable, some new accommodation with the Communists still looks a strong bet -- even though such a step would severely test the CD party's cohesion.

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TURKEY

2. With the economic crisis increasingly visible to the man-in-the-street and the international rescue effort still bogged down, we are profoundly concerned over the negative impact of the crisis on Turkey's relations with the West. Prime Minister Ecevit's publicly hostile remarks undoubtedly are intended to advance his case with domestic critics as well as the international community, but they reflect underlying feelings that Turkey has been left in the lurch. The level of US financial aid contemplated in support of the Middle East peace treaty will aggravate these feelings. Because Turkey's needs far exceed the levels of outside aid now

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being considered, economic difficulty and friction with the West are likely to persist even after the provision of Western assistance. Ecevit's own political standing, meanwhile, continues to decline, although he does not appear to be in immediate danger of being ousted. His hard-pressed government's decision to reposition some of its security forces in the eastern part of the country is a further precaution against a flare-up of religious -- and possibly Kurdish -- unrest. This is not an area in which we are well informed. []

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PORTUGAL

3. Mota Pinto's four-month-old non-party government is showing signs of foundering on its own mistakes, more aggressive politicking by the various parties, and uncertainty of continued support by President Eanes -- whose government it really is. Despite Mota Pinto's popularity with some sectors -- particularly the right -- his policies have exacerbated the tendency toward polarization that was evident in the isolated local elections of last year. New elections might continue that trend, and some analysts foresee serious disputes over the country's political and economic institutions in the next year or so. Since Eanes will play a key role, they expect pressures to build on him to expand his constitutional prerogatives vis-a-vis the parties and increase his intervention in politics. []

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MALTA

4. The final departure of Britain's military forces on 31 March will likely inspire Prime Minister Mintoff to redouble his efforts to obtain Western and Libyan economic aid. Never much troubled by consistency, Mintoff can be expected to play upon Western concern that he will allow the Soviet navy use of Maltese ports -- even though he has called for the removal of both Soviet and US navies from the Mediterranean and seemed nonplussed when told that the Soviet merchant ships which were reprovisioned in Malta last year were naval support vessels. Moscow is undoubtedly interested in facilities in Malta, but we do not see it getting them at this time, nor is it a real alternative to the West for economic assistance. []

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CYPRUS

5. Any expectation of early progress toward a negotiated settlement of the Cyprus issue that would ease tensions and facilitate rehabilitation of our position in both Turkey and Greece seems doomed to disappointment. In a recent analysis, the Embassy in Nicosia comes to the conclusion that Greek and Turkish sectors alike find the existing situation politically more palatable than the concessions each would have to make to come to an agreement. The Embassy also finds worrying signs that the Kyprianou government is backing off from the idea of a bizonal arrangement and reverting to the concept of the "long struggle". Neither Athens nor the weak regime in Ankara is disposed to knock heads together. Apart from aggravating our problems in the area generally, the impasse will provide continuing opportunities for

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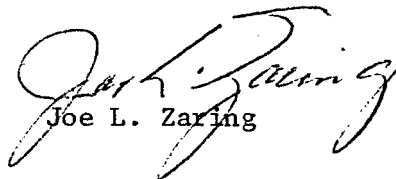
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tension-building flare-ups along the "Green Line". TURKISH STRAITS

6. New Turkish regulations on rights of passage through Turkish waters, including the Bosphorus and Dardanelles, are in violation of the Montreux Convention and other international agreements and represent a sharp departure from the careful approach the Turkish authorities have heretofore taken in implementing the Convention. Among other things, the new rules require earlier notice of a change in intended transit, a feature which could seriously inconvenience the Soviet fleet. Other aspects of the regulations are offensive to the US. So far, the restrictions have not attracted much attention among the Convention's signatories, with the Soviets appearing to ignore them. We see some potential here for future friction.

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